

	MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES CHILD AND ADULT CARE FOOD PROGRAM	ISSUED	REVISED	CHAPTER	SECTION
	Sponsoring Organizations of Homes POLICY & PROCEDURE MANUAL	12/90	6/14	4	4.1
CHAPTER Chapter 4. The Reimbursement System		SUBJECT Advances			

An **advance payment** is financial assistance made available to a sponsoring organization for program costs prior to the month in which the costs are incurred. Advances may be used for administrative costs.

The administrative advance may be used to pay administrative costs incurred before the requested reimbursement has been paid.

In the State of Missouri, previously approved advances are “rolled over” from one fiscal year to the next. If an advance is issued in one fiscal year, that amount is credited to the next fiscal year. If MDHSS-BCFNA finds that any upward or downward adjustments need to be made, the sponsoring organization is notified by letter of the final award.

A sponsoring organization may request up to 100% of the average of its administrative claims for the most recent three months. If the sponsoring organization is new, and there is no historical claim information for the calculation of the advance, a projection will be made by MDHSS-BCFNA.

How to Request an Advance

A request for an administrative advance can be submitted with the sponsoring organization’s annual application, by including a written request for a specified advance amount. If a sponsoring organization would like its advance adjusted in mid-year, a written request for the advance adjustment must be submitted. MDHSS-BCFNA will review the advance request by applying the methodology outlined in this section and will contact the sponsoring organization with the final approved amount.

Procedures for the Advance Approval

When reviewing the amount of advance requested, MDHSS-BCFNA will compare the requested advance with the average of its administrative claims for the most recent three months. The requested advance amount will be adjusted accordingly.

Example 1

In fiscal year 2002, ABC sponsoring organization was approved for an administrative advance of \$2,000. In fiscal year 2003, ABC sponsoring organization requested a \$2,200 administrative advance. The average of its administrative claims for the most recent three months was \$2,300. Therefore, the request of \$2,200 is justified and ABC sponsoring organization will receive \$200 in addition to the \$2,000, which was rolled over from the previous fiscal year.

Example 2

In fiscal year 2002, XYZ sponsoring organization was approved for an administrative advance of \$2,000. In fiscal year 2003, XYZ sponsoring organization requested a \$2,200 administrative advance. The average of its administrative claims for the most recent three months was \$2,000. Therefore, the request of \$2,200 was not justified and XYZ sponsoring organization will not receive additional advance funds, but will maintain the \$2,000, which was rolled over from the previous fiscal year.

MDHSS-BCFNA will review administrative advances monthly to assess whether the amount of the advance is in excess of 100% of the average administrative claims for the most recent three months. If so, a downward adjustment will be made and the sponsoring organization will be notified by letter.

Advance Recovery

Advances will be recovered under the following conditions:

- The sponsoring organization operates less than 12 months per year;
- The sponsoring organization discontinues participation in the CACFP;
- The sponsoring organization declares bankruptcy or bad debt; or
- The sponsoring organization is classified as seriously deficient and disqualified from Program participation.